X	Original		Updated		Corrected		] Supple	emental
LRB	Number	09-3254	/1	Introd	duction N	umber	SB-279	
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Fiscal	Effect			1.000				
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Local	No Local Go Indeterminat 1. Increas Permis 2. Decrea	e Costs sive Manda	3.  lncreatory Pern 4. Deci	ease Revenue nissive	Gindatory	ypes of Locovernment Towns Counties School Districts	Units Affect Village	Cities
Ø	Sources Aff		PRS	SEG SE	Affecte 20.115 EGS (a); 20. (4)(r)	d Ch. 20 A (1)(a); 20.1 115 (3)(im);		
Agen	cy/Prepared	Ву		Authorized :	Signature			Date
DATC 5132	P/ Linda Mer	riman Hitchm	an (608) 224-	Bill Walker (6	608) 224-435	53		9/21/2009

# Fiscal Estimate Narratives DATCP 9/21/2009

LRB Number	09-3254/1	Introduction Number	SB-279	Estimate Type	Original

### Description

Financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy; the definition of the term agricultural use for the purpose of determining the assessed value of a parcel of land; requiring a strategic bioenergy feedstock assessment; creation of a bioenergy council; the agricultural and forestry diversification programs; biofuels training assessment; a study of regulatory burdens relating to biofuel production facilities; marketing orders and agreements for bioenergy feedstocks; exempting personal renewable fuel production and use from the motor vehicle fuel tax, the petroleum inspection fee, and business tax registration requirements; an income and franchise tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks; offering gasoline that is not blended with ethanol to motor fuel dealers; state renewable motor vehicle fuels sales goals; required sales of renewable motor vehicle fuels; use of petroleum-based transportation fuels by state vehicles; use of alternative fuels in flex fuel vehicles owned by the state; use of public alternative fuel refueling facilities; duties of the Office of Energy Independence; granting rule-making authority; requiring the exercise of rule-making authority; making appropriations; and providing penalties

### Assumptions Used in Arriving at Fiscal Estimate

Senate Bill 279 would create or modify provisions relating to support and promotion of biofuels and bioenergy use. Changes would impact DATCP programs in a number of responsibility areas:

### 1. Agricultural Development and Diversification

Under current law, DATCP is directed to make agricultural research and development grants to fund demonstration projects, feasibility analyses and applied research directed toward new or alternative technologies and practices that stimulate one or more of the following: creation of jobs in the agricultural industry; new capital investment and expansion; agricultural product market development and expansion; diversification and expansion of the production, processing and distribution of agricultural products; commercial application of new technologies or practices related to agricultural products; increased use of surplus agricultural products; improvement of the competitive position of this state's agricultural industry; or efficient use of farmland and other agricultural resources. This proposal would add products from the production of ag commodities, including alternative fuels, heat, electricity and marketable credits.

The proposal also would expand the scope of this grant program to include forestry research and development grants.

On average the program receives 90 applications a year and the internal logging and reviewing takes approximately 150 hours. This fiscal estimate assumes that these eligibility expansions would result in at least 50% more grant applications. The increased numbers and the addition of new project categories would require more review plus consultation with DNR, adding at least 100 hours of DATCP staff time to the review process. The fiscal estimate is zero since these costs could be absorbed by existing staff. (Note: changes to appropriations 20.115 (4)(c) and (4)(r) are amendments to the appropriation definitions only)

### 2. Market Orders

DATCP is charged in chapter s. 96 with administering market orders and agreements for agricultural commodities which are defined as "any agricultural, horticultural (excepting floricultural), viticultural, vegetable, poultry, and livestock products produced in this state, including milk and milk products, bees and honey, or any class, variety or utilization thereof, either in their natural state or as processed by a producer for the purpose of marketing such product or by a processor, but not including timber and wood products." This bill would expand the definition of agricultural commodity as used in chapter 96 to include its use as a bioenergy feedstock, and and would authorize the DATCP secretary to propose the issuance of a marketing order for bioenergy feedstocks.

The purpose of the marketing order program is to safeguard the public interest by addressing conditions that jeopardize the continued production of an adequate food supply. This bill would expand the purpose to include the production of adequate energy supplies.

This fiscal estimate assumes that bioenergy feedstock marketing order would be issued and that DATCP

would administer that order. It also assumes that workload for this order is similar to other marketing orders and that all day-to-day support activities could be completed by the existing staff person who is fully funded by assessments charged to the marketing order boards. Under the marketing order program, each market order board is assessed a portion of the full administrative costs. Therefore, any additions to program costs for additional supplies, etc. would be covered by the assessment. So the fiscal effect for the purposes of this estimate is zero.

The addition of a new marketing order would require promulgation of a new administrative rule and amendment of the general program rule. It is estimated this would require 800 hours of staff work by program and legal staff on a one-time basis over a one year period. Under the terms of the market order statutes, the industry seeking the market order pays all the department's costs of developing the rule. Costs are estimated at \$48,000 (800 hours x staff average of \$60.00/hour salary and fringe). These costs could not be absorbed and would be paid by the bioenergy feedstock market order board.

### 3. Bioenergy Council

This proposal would create a secretary-appointed council to identify voluntary best management practices for biomass and biofuels production and report at least biennially to agencies and private parties that assist biofuel producers. This fiscal estimate assumes that the council will be attached to the DATCP Office of the Secretary and will be staffed by an expert in biofuels/biomass to provide the direction and support required. This expertise does not currently exist at DATCP so this fiscal estimate assumes that 1.0 FTE Special Initiatives Advisor-Admin would be hired to provide staffing for this council and its responsibilities. Salary and fringe costs plus support costs associated with an additional employee (computer, rent, etc.) are estimated at \$105,000 GPR (\$44.00 salary and fringe x 2080 hours = approximately \$92,000 and \$13,000 for admin/support costs). Support costs for the council are estimated at \$5,000 GPR annually (\$2,500 annually for food and miscellaneous, \$5,000 biennially for report publication costs), bringing total costs to \$110,000 GPR annually. These costs could not be absorbed.

### 4. Motor fuel dealership grantor requirements.

Under current law, persons who grant a motor fuel dealership are required to include certain survivorship rights in the franchise agreement and are prohibited from requiring dealers to keep the business open for more than 16 hours per day. This bill would additionally require grantors (that provide gasoline to dealers) to offer gasoline that is not blended with ethanol but is suitable for subsequent blending with ethanol. Further, this bill prohibits grantors from requiring that the dealer purchase ethanol for blending purposes from the grantor.

DATCP's fiscal estimate assumes that the fiscal effect of this section will be zero. While the provision is in a chapter of the statutes that generally fall under DATCP's authority, DATCP does not anticipate much investigative or enforcement activity in this area. The bill does not appear to have any penalty provisions attached to these new requirements.

#### 5. Annual Report on state renewable fuel goals.

This bill would require DATCP to prepare an annual report on renewable fuel sales in the state, and determine whether or not those sales met goals established in the bill. If sales did not meet the goals, DATCP must provide an assessment as to why sales did not meet the goals. The bill contains specific topics that must be addressed in the assessment: a determination of supply, demand, and prices, a determination of whether state or federal laws prevent or impede sale of renewable fuels, a determination of whether requiring the sale of renewable fuels by administrative rule would likely result in meeting the sales goals. If DATCP's assessment concludes that requiring the sale of renewable fuels by administrative rule would likely result in meeting the sales goals; DATCP must then promulgate rules doing just that.

DATCP estimates that annual cost for preparing this report would be about \$18,200 GPR. \$13,200 of this is for roughly 300 hours of employee time spent researching, drafting, and finalizing the report (approximately .14 FTE equivalent). We are assuming that the weighted-average cost per hour (salary plus fringe) for the employees who would work on the report would be around \$44.00 per hour. [\$44.00 X 300 hours = \$13,200]. The additional \$5,000 is to purchase specialized supplies & services for use in preparing the report, particularly, the purchase of data from fuel pricing and supply services. These costs could not be absorbed.

Should DATCP need to promulgate administrative rules pursuant to this bill, the rulemaking required would be somewhat technical. We estimate that it would take about 1.0 FTE about one year to research potential rule provisions, hold hearings, draft the rule (and supporting documents), and other rulemaking tasks. Many of these tasks would need to be performed by medium to high-level employees with good technical knowledge of economic, legal, and fuel distribution systems. Therefore, we estimate that the one-time cost for implementing the administrative rule would be about \$75,000 GPR. This workload could not be absorbed

by existing staff.

Should such an administrative rule become effective, the annual costs to administer it could be significant. However, the bill creates a program revenue appropriation and allows DATCP to incorporate fees for administration and enforcement of the rule. The bill provides no parameters for the development of the rule and the fee, but leaves these to the department's discretion. Therefore, since the details of a possible future rule and fee structure are unknown, a valid estimate of associated costs and revenue cannot readily be made for the purposes of this fiscal estimate.

### 6. Definition of Agricultural Use

This proposal would change the definition of agricultural use of land, as defined by DOR by rule, to include the growing of short rotation woody crops, including poplars and willows, using agronomic practices. Adding short rotation woody crops to the definition of agricultural use of land should not significantly impact programs within DATCP's Land and Water Resources Bureau, including the Working Lands Initiative.

For the purposes of the Farmland Preservation Program (FPP), the definition of agricultural use already includes growing Christmas trees and forestry. The FPP tax credit program was recently modified and there is an annual statutory limit of just over \$27 million for the total FPP tax credit. If the addition of short rotation woody crops to the definition of agricultural use of land results in a significant number of new farmers claiming the credit, this could trigger the statutory pro-ration of the FPP tax credit.

### 7. Local Government Effects

No local government fiscal effect would result related to DATCP-specific programs.

### Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Ľ	<b>⊠</b> Origina	d 🔲	Updated		Corrected		Supplemental
LF	RB Numbe	er <b>09-3254</b>	/1	Intro	duction Nun	nber	SB-279
Fin ene a p coureg bio fue frai sto mo bas sta and	ergy; the definance of land uncil; the agrigulatory burde energy feeds el tax, the pet nchise tax crorage tanks; cotor vehicle fused transport te; use of puranting rule-mad providing p	; requiring a stra icultural and fore ens relating to bi stocks; exemptin roleum inspectio edit for installing offering gasoline uels sales goals; tation fuels by sta blic alternative fu aking authority; r enalties	a agricultural use tegic bioenergy stry diversification of under production g personal rener or retrofitting puthat is not blend required sales cate vehicles; use led refueling faciequiring the execution of the	e for the ported feedstock on program facilities; wable fuel ness tax real mps that led with eteroise of alternatities; duties	urpose of detern assessment; crans; biofuels train marketing order production and gistration requirmix motor vehicle motor vehicle ative fuels in flex es of the Office of the making authors.	nining the eation of ning assers and aguse from tements; ale fuels fruel deale fuels; us fuel vehof Energyprity; mak	e assessed value of a bioenergy essment; a study of reements for the motor vehicle an income and om separate rs; state renewable se of petroleum- icles owned by the Independence; ing appropriations;
an 1. S Leg	nualized fiso Staff costs to gal and progi	develop adminis	strative rules for develop and ac	renewabl dministrati	e fuels goal prog ve rule for a biof	gram = \$7	
II. <i>i</i>	Annualized (	Costs:			Annualized Fi	scal Imp	act on funds from:
					Increased Costs	s	Decreased Costs
A.	State Costs	by Category					
ļ	State Operati	ions - Salaries aı	nd Fringes		\$105,200	0	\$
	(FTE Position	n Changes)			(1.1 FTE	()	
,	State Operati	ions - Other Cos	ts		23,000	0	
	Local Assista	ınce					
ĺ	Aids to Indivi	duals or Organiz	ations				
	TOTAL St	ate Costs by Ca	itegory		\$128,200	0	\$
В.	State Costs	by Source of F	unds				
	GPR				128,200	0	
	FED						
	PRO/PRS						
	SEG/SEG-S						
		nues - Complete , tax increase, d				or decre	ase state
					Increased Re	v	Decreased Rev
Ĭ	GPR Taxes				\$	3	\$
	GPR Earned						
	FED						
	PRO/PRS						
	SEG/SEG-S						
$\coprod$	TOTAL St	ate Revenues			\$		\$

NET ANNU	JALIZED FISCAL IMPACT	
	State	Local
NET CHANGE IN COSTS	\$128,200	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
DATCP/ Linda Merriman Hitchman (608) 224-5132	Bill Walker (608) 224-4353	9/21/2009

	Original		Updated		Corrected		Suppleme	ntal
LRB N	lumber	09-3254/1		Introd	duction Nur	nber S	B-279	
definition requiring forestry biofuel p persona and bus pumps t ethanol motor ve flex fuel Energy	al assistance n of the term g a strategic diversification of the term g a strategic diversification of the term of	agricultural us bioenergy fee- on programs; b acilities; market fuel production gistration requi or vehicle fuels dealers; state use of petroleu aned by the sta	se for the pury dstock assessiofuels trainin ting orders and and use fror rements; an its from separate renewable mum-based trarte; use of puble-making aut	cose of determent; creations assessment agreements on the motor value and frage storage tarket of the storage tarket asportation fullic alternative	eries, and convenining the assert on of a bioenergy it; a study of register for bioenergy ehicle fuel tax, anchise tax creates; offering gastiuels sales goal els by state verifuel refueling fing the exercise	essed value gy council; the gulatory burd feedstocks; the petroleudit for install soline that is ls; required solicles; use of facilities; dut	of a parcel of a gricultur dens relating exempting im inspection ling or retrofus not blende sales of renefalternative ies of the O	of land; ral and g to on fee, fitting d with ewable fuels in ffice of
Fiscal E	ffect							
	o State Fisc determinate Increase E Appropriat Decrease Appropriat Create Ne	Existing ions Existing	Reve	ase Existing enues ease Existing enues	to a	rease Costs absorb within Yes crease Costs	agency's b	
1 =	ndeterminate .	e Costs ive 🔲 Mandato	3. lncre ory Perm 4. Decr	ase Revenue iissive ☐ Mar ease Revenu iissive ☐ Mar	Gove	es of Local ernment Uni Towns [ Counties [ School [ Districts	its Affected Village Others WTCS Districts	Cities
	ources Affe					Ch. 20 Appı	ropriations	
GPF	R FED	PRO [	□ PRS 🔯	SEG 🔲 SI	EGS 20.370 (1)	)(mv)		
Agency	//Prepared I	Ву		Authorized	Signature		Da	te
DNR/Jo	oe Polasek (	608) 266-2794		Joe Polasek	(608) 266-2794	4	3/3	0/2010

# Fiscal Estimate Narratives DNR 3/30/2010

LRB Number	09-3254/1	Introduction Number	SB-279	Estimate Type	Original

### Description

Financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy; the definition of the term agricultural use for the purpose of determining the assessed value of a parcel of land; requiring a strategic bioenergy feedstock assessment; creation of a bioenergy council; the agricultural and forestry diversification programs; biofuels training assessment; a study of regulatory burdens relating to biofuel production facilities; marketing orders and agreements for bioenergy feedstocks; exempting personal renewable fuel production and use from the motor vehicle fuel tax, the petroleum inspection fee, and business tax registration requirements; an income and franchise tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks; offering gasoline that is not blended with ethanol to motor fuel dealers; state renewable motor vehicle fuels sales goals; required sales of renewable motor vehicle fuels; use of petroleum-based transportation fuels by state vehicles; use of alternative fuels in flex fuel vehicles owned by the state; use of public alternative fuel refueling facilities; duties of the Office of Energy Independence; granting rule-making authority; requiring the exercise of rule-making authority; making appropriations; and providing penalties

### **Assumptions Used in Arriving at Fiscal Estimate**

The bill directs the Department to assist DATCP and the University of Wisconsin-Extension with the promotion, development and use of forestry products that are used to produce alternative fuels, heat or electricity. In addition, the bill expands DATCP's agricultural research and development grant program to include forestry-related research and development and requires DATCP to consult with the Department when evaluating a forestry-related grant application.

#### **Assumptions**

Work comparable to that described in the bill regarding the promotion, development and use of forestry products for fuel is already being performed by the Division of Forestry through the utilization and marketing program; therefore, this section of the bill has no fiscal impact.

The Division of Forestry will need to reallocate approximately 40 hours of staff time per year to assist DATCP with reviewing and evaluating forestry-related grant applications.

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

	X	Original		Updated		Corrected		Supplemental
LI	RB	Number	09-3254	/1	Intro	duction Nur	nber	SB-279
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an	nua	lized fiscal e	effect):	mpacts for Sta	te and/or	Local Govern	ment (do	not include in
II.	Ann	ualized Cos	ts:			Annualized Fi	scal Imp	act on funds from:
						Increased Costs	S	Decreased Costs
Α.	Sta	te Costs by	Category					
	State	e Operations	- Salaries an	d Fringes		\$		\$
	(FTE	Position Ch	anges)					
┛			- Other Costs	3				
	Loca	al Assistance						
	Aids	to Individual	s or Organiza	tions				
	T	OTAL State	Costs by Cat	egory		\$		\$
В.	Stat	te Costs by	Source of Fu	nds				
_	GPF							
	FED							
$\perp$	PRC	)/PRS						
	SEG	SSEG-S						
				this only when crease in licen			or decre	ase state
_						Increased Rev	/	Decreased Rev
-		Taxes				\$		\$
_	GPF	l Earned						
-	FED							
$\perp$	PRC	)/PRS						
_	SEG	/SEG-S						
$\perp$	TO	OTAL State I	Revenues			\$		\$
			١	IET ANNUALIZ	ED FISC	AL IMPACT		
						State	)	Local

Agency/Prepared By DNR/ Joe Polasek (608) 266-2794		Polasek (608) 266-2794	3/30/2010
	Ja	norized Signature	Date
NET CHANGE IN REVENUE		\$	\$
NET CHANGE IN COSTS		\$	\$

Original	Updated	Correct	ed [	Supple	mental
LRB Number 09-325	4/1	Introduction	Number	SB-279	
Description Financial assistance related to definition of the term agricultur requiring a strategic bioenergy forestry diversification program biofuel production facilities; mapersonal renewable fuel produ and business tax registration repumps that mix motor vehicle tethanol to motor fuel dealers; smotor vehicle fuels; use of petiflex fuel vehicles owned by the Energy Independence; grantin making appropriations; and production of the total desired to the total dealers.	al use for the purpose feedstock assessments; biofuels training a arketing orders and action and use from the equirements; an inconfuels from separate state renewable motoroleum-based transpents of the public and the properties of the public and the properties of the public and the properties of the public and the publi	e of determining the ent; creation of a bice ssessment; a study greements for bioe he motor vehicle fueline and franchise to torage tanks; offerior vehicle fuels sale ortation fuels by statetrnative fuel refuels.	e assessed va benergy councy of regulatory nergy feedstored el tax, the petro ax credit for in ng gasoline the es goals; requirate vehicles; us eling facilities;	alue of a parcoil; the agricuburdens relacks; exemptivoleum inspersalling or relat is not bler red sales of alternat; duties of the	cel of land; ultural and ating to ing ction fee, strofitting inded with renewable tive fuels in e Office of
Fiscal Effect					
State:  No State Fiscal Effect Indeterminate Increase Existing Appropriations Decrease Existing Appropriations Create New Appropri	Revenue Decreas Revenue	se Existing	Increase Co to absorb w Ye Decrease C	vithin agency es	
Local:  No Local Government Condend Indeterminate  1. Increase Costs Permissive Mar 2. Decrease Costs Permissive Mar	3.  Increase ndatory Permiss 4. Decreas	e Revenue ive Mandatory se Revenue ive Mandatory	5.Types of Loc Government Towns Counties School Districts	t Units Affect Village s Others WTCS	Cities
Fund Sources Affected		Affe	ected Ch. 20 A	Appropriation	ns
GPR 🛛 FED 🔲 PRO	PRS SE	G 🔲 SEGS 505	(1)(mb)		
Agency/Prepared By	Au	thorized Signatur	<u> </u>		Date
DOA/ Pat Meier (608) 266-587	77 Me	artha Kerner (608) 2	266-1359		9/17/2009

# Fiscal Estimate Narratives DOA 9/17/2009

LRB Number	09-3254/1	Introduction Number	SB-279	Estimate Type	Original

### **Description**

Financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy; the definition of the term agricultural use for the purpose of determining the assessed value of a parcel of land; requiring a strategic bioenergy feedstock assessment; creation of a bioenergy council; the agricultural and forestry diversification programs; biofuels training assessment; a study of regulatory burdens relating to biofuel production facilities; marketing orders and agreements for bioenergy feedstocks; exempting personal renewable fuel production and use from the motor vehicle fuel tax, the petroleum inspection fee, and business tax registration requirements; an income and franchise tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks; offering gasoline that is not blended with ethanol to motor fuel dealers; state renewable motor vehicle fuels sales goals; required sales of renewable motor vehicle fuels; use of petroleum-based transportation fuels by state vehicles; use of alternative fuels in flex fuel vehicles owned by the state; use of public alternative fuel refueling facilities; duties of the Office of Energy Independence; granting rule-making authority; requiring the exercise of rule-making authority; making appropriations; and providing penalties

### **Assumptions Used in Arriving at Fiscal Estimate**

SB-279 would require the Department of Administration (DOA) to take specific steps to reduce the use of gasoline and diesel fuel by state agencies. The mandated reductions and specific steps required conform to those in Executive Order #141 signed by the Governor in March 2006. The Director of DOA's Bureau of Enterprise Fleet Operations anticipates that the department will continue to work toward these goals as they have since 2006 with no additional costs beyond those already provided for in the 2009-11 biennial budget. Further, the Office of Energy Independence (OEI) will continue to work with the Bureau of Enterprise Fleet Operations to maintain and update its current plan to identify flex-fuel vehicles and the location of alternate fueling sites and encourage state employees to use those sites when possible. No additional funding will be required for this task.

SB-279 also requires the Office of Energy Independence to biennially conduct a strategic bioenergy feedstock assessment. The first such report is due April 30, 2013. According to the Office, the data required for the assessment is available, but from numerous sources. The Office anticipates that approximately \$25,000 would be required to fund either staff time and/or contract expenses for the preparation of each biennial report, or \$12,500 annually. This efffort would include identifying the appropriate data, coordinating the data gathering process, analyzing the data, and developing and writing the report.

The Office of Energy Independence is also tasked with assisting the Biofuels Production Facility Regulatory Review Committee in the preparation of its report to the Governor and Legislature. The report is due 2 years after the effective date of the legislation. The Office estimates that this assistance will require a half-time position for the two-year period of the Committee's work. The estimated cost would be approximately \$35,000 annually, or \$70,000 over the two-year life of the Committee.

Finally, the Office estimates that the modifications to its existing goals and duties can be absorbed within current resource and staffing authorizations.

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

X	Original		Updated		Corrected		Supplemental
LRB	Number	09-3254	/1	Intro	duction Nu	mber	SB-279
energy a parc counci regula bioene fuel ta franch storag motor based state; grantii	cial assistance; the definition of land; recibl; the agricult tory burdens orgy feedstoce, the petrole ise tax credities tanks; offer vehicle fuels use of public	on of the term quiring a strat tural and forest relating to bicks; exempting turn inspection for installing ring gasoline sales goals; on fuels by state alternative fung authority; ron gauthority; ron quiring authority; ron quiring	egic bioenergy for the production of the product	for the pueedstock on program facilities; wable fueless tax remps that it renewalt of alternaties; duties	urpose of deter assessment; one; biofuels tra marketing order production and gistration requinix motor vehical hanol to motor ble motor vehical ative fuels in flees of the Office	rmining the creation of a sining assets and a duse from the creaming t	e assessed value of f a bioenergy essment; a study of greements for the motor vehicle an income and
	alized fiscal		Impacts for Sta	te and/o	Local Gover	nment (d	o not include in
II. Anı	nualized Cos	sts:			Annualized F	iscal Im	pact on funds from:
					Increased Cos	sts	Decreased Costs
A. Sta	ite Costs by	Category					
Sta	te Operations	s - Salaries ar	nd Fringes			\$	\$
(FT	E Position Cl	nanges)					
Sta	te Operations	s - Other Cost	S		12,5	00	
Loc	al Assistance	9					
Aid	s to Individua	ıls or Organiza	ations				
T	OTAL State	Costs by Ca	tegory		\$12,5	00	\$
B. Sta	ite Costs by	Source of F	unds				
GP	R						
FE	)				12,5	00	
PR	O/PRS						
SE	G/SEG-S						
			this only when ecrease in licer			e or decr	ease state
					Increased R	ev	Decreased Rev
GP	R Taxes					\$	\$
GP	R Earned						
FE	)						
PR	O/PRS						
SE	G/SEG-S						
	OTAL State	Revenues				\$	\$
			NET ANNUALIZ	ED FISC			
					Sta	ate	Local

NET CHANGE IN REVENUE	\$	\$
NET CHANGE IN COSTS	\$12,500	\$

	Original		Updated	Corre	ected	Supple	emental
LRB	Number	09-3254/1		Introduction	on Number	SB-279	
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Agend	y/Prepared	Ву	Auth	orized Signat	ure		Date
DOR/ Daniel Huegel (608) 266-5705 Paul Ziegler (608) 266-5773					9/21/2009		

# Fiscal Estimate Narratives DOR 9/21/2009

LRB Number <b>09-3254/1</b>	Introduction Number	SB-279	Estimate Type	Original

### Description

Financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy; the definition of the term agricultural use for the purpose of determining the assessed value of a parcel of land; requiring a strategic bioenergy feedstock assessment; creation of a bioenergy council; the agricultural and forestry diversification programs; biofuels training assessment; a study of regulatory burdens relating to biofuel production facilities; marketing orders and agreements for bioenergy feedstocks; exempting personal renewable fuel production and use from the motor vehicle fuel tax, the petroleum inspection fee, and business tax registration requirements; an income and franchise tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks; offering gasoline that is not blended with ethanol to motor fuel dealers; state renewable motor vehicle fuels sales goals; required sales of renewable motor vehicle fuels; use of petroleum-based transportation fuels by state vehicles; use of alternative fuels in flex fuel vehicles owned by the state; use of public alternative fuel refueling facilities; duties of the Office of Energy Independence; granting rule-making authority; requiring the exercise of rule-making authority; making appropriations; and providing penalties

### Assumptions Used in Arriving at Fiscal Estimate

#### PROPERTY TAXES

Under current law, Department of Revenue (DOR) defines, by rule, what constitutes "agricultural use" for determining which land can be valued at agricultural use value under the agricultural use value statute. The DOR rule specifically excludes growing short rotation (a growing and harvesting cycle of 10 years or less) woody trees from the definition of agricultural use. As a result, land used to grow short rotation woody trees is generally classified as either forest land (subject to assessment at full market value) or agricultural forest land (subject to assessment at 50% of market value).

Under the bill, beginning with the January 1, 2011 assessment, the definition of "agricultural use" would be amended to include the growing of woody trees under "agronomic practices" (practices generally associated with crop production).

The law change could increase the number of acres qualifying for agricultural use value assessment. The statewide average taxable value per acre and net property tax per acre for the 2008/09 property tax year were as follows: for agricultural land, \$187 and \$3.13; for agricultural forest land, \$1,327 and \$18.56; and for forest land, \$2,247 and \$29.04. Thus, if land is reclassified to agricultural from agricultural forest or forest, property taxes will be shifted from the reclassified property to all other property owners. The DOR does not have data to reasonably estimate the acreage that could be reclassified under the bill, and therefore is unable to reasonably estimate the shift in property taxes the bill could engender. In addition, the state forestation property tax, currently imposed at a rate of about \$0.17 per \$1,000 of full taxable value, would also decline by an unknown amount.

The DOR would incur one-time costs to revise its assessment manual and to change the administrative rule (Tax 18) on agricultural use value. These costs can be absorbed within current resources.

### **INCOME TAXES**

The bill affects individual income taxes, corporate income taxes and insurance company taxes.

Under current law, an "ethanol and biodiesel fuel pump" income tax credit is available for persons or entities that have installed or retrofitted equipment for dispensing motor vehicle fuel to end-users that dispense fuel consisting of at least 85 percent ethanol or at least 20 percent biodiesel fuel. The credit is 25 percent of the cost to installing or retrofitting such equipment, with a maximum credit of \$5,000 per service station at which such equipment was installed or retrofitted. The credit is available fore taxable years beginning after December 31, 2007, and before January 1, 2018.

Under the bill, the definition of fuel pumps that would be eligible for the ethanol and biodiesel fuel pump credit is expanded to include equipment that blends fuels at the pump. It is not anticipated that this

modification will result in a significant increase in the number of eligible pumps being installed relative to current law. Therefore, the fiscal effect resulting from the change is expected to be minimal.

### **FUEL TAXES**

Under current law, the state imposes an excise tax on motor fuel of \$0.309 per gallon and a petroleum inspection fee of \$0.020 per gallon. Fuel dealers are required to obtain a business tax registration with the DOR for which there is an initial fee of \$20 and a renewal fee (due every 2 years) of \$10.

Under the bill, the first 1,000 gallons of renewable fuel produced by a person each year and used in his or her personal motor vehicle is exempt from the motor vehicle fuel excise tax, the petroleum inspection fee, and any petroleum inspection requirements not required by federal law, as long as that person does not sell any of the fuel. Such person would also be permitted to operate without obtaining a business tax registration certificate.

The DOR is unable to reasonably estimate the number of people who will choose to produce their own renewable fuels or the amount of fuel such people will produce. As a result, it is not possible to reasonably estimate the decrease in motor fuel taxes, petroleum inspection fees, or business tax registration fees that this bill would engender. Given the 1,000 gallon cap on the exemptions, the maximum motor fuel tax and petroleum inspection fee reductions for any one person would be \$329 per year (1,000 X (\$0.309 + \$0.020)).

With an effective date of the first day of the third month beginning after publication, the DOR would need to hire systems programmers to get the fuel tax systems converted in time. It will take about 1,100 hours to make these changes, two-thirds of which would be contractor time. Total costs would be \$55,000. If the effective date were moved to six months from the date of enactment, the work could be done internally and the costs absorbed.

☑ Original ☐ Updated	Correc	cted	Supple	mental				
LRB Number 09-3254/1	Introductio	n Number	SB-279					
Description Financial assistance related to bioenergy feeds definition of the term agricultural use for the pur requiring a strategic bioenergy feedstock asses forestry diversification programs; biofuels training biofuel production facilities; marketing orders an personal renewable fuel production and use from any diversification requirements; an pumps that mix motor vehicle fuels from separate thanol to motor fuel dealers; state renewable is motor vehicle fuels; use of petroleum-based traillex fuel vehicles owned by the state; use of put Energy Independence; granting rule-making aut making appropriations; and providing penalties	rpose of determining the sment; creation of a lang assessment; a sturned agreements for bid income and franchise attention the motor vehicle fuels satisfactor vehicle fuels by splic alternative fuel rethority; requiring the common of the statement of the statem	the assessed va bioenergy counc dy of regulatory benergy feedstoo uel tax, the petro tax credit for in ering gasoline thales goals; require state vehicles; us fueling facilities;	lue of a parcel; the agriculturens relatives; exemption of the stalling or relatives at its not bler red sales of the duties of the	cel of land; altural and ating to ng ction fee, trofitting nded with renewable tive fuels in e Office of				
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Fund Sources Affected Affected Ch. 20 Appropriations  GPR FED PRO PRS SEG SEGS								
Agency/Prepared By	Authorized Signate	ure		Date				
DOT/ Robert Kranz (608) 264-9968	Julie Johnson (608)	267-3703		9/22/2009				

## Fiscal Estimate Narratives DOT 9/22/2009

LRB Number	09-3254/1	Introduction Number	SB-279	Estimate Type	Original
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#### Description

Financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy; the definition of the term agricultural use for the purpose of determining the assessed value of a parcel of land; requiring a strategic bioenergy feedstock assessment; creation of a bioenergy council; the agricultural and forestry diversification programs; biofuels training assessment; a study of regulatory burdens relating to biofuel production facilities; marketing orders and agreements for bioenergy feedstocks; exempting personal renewable fuel production and use from the motor vehicle fuel tax, the petroleum inspection fee, and business tax registration requirements; an income and franchise tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks; offering gasoline that is not blended with ethanol to motor fuel dealers; state renewable motor vehicle fuels sales goals; required sales of renewable motor vehicle fuels; use of petroleum-based transportation fuels by state vehicles; use of alternative fuels in flex fuel vehicles owned by the state; use of public alternative fuel refueling facilities; duties of the Office of Energy Independence; granting rule-making authority; requiring the exercise of rule-making authority; making appropriations; and providing penalties

### Assumptions Used in Arriving at Fiscal Estimate

This bill would exempt the first 1,000 gallons of renewable fuel produced by a person each year, that the person uses in his or her personal vehicle, from the motor vehicle fuel excise tax, the petroleum inspection fee, and petroleum inspection requirements not required by federal law.

Assuming an individual produced 1,000 of renewable fuel, at the current motor fuel excise tax rate of \$0.309 cents per gallon each qualified individual would be eligible for an exemption of \$309.00 per year. Exemption for the petroleum inspection fee (\$0.02)would result in an exemption totaling \$20.00 per year.

If 250 individuals were initially eligible for the maximum annual \$309.00 motor fuel excise tax exemption and the \$20.00 PECFA fee exemption, the loss to the state transportation fund would be \$77,250 and \$5,000 to the PECFA fund.

Original	☐ Up	dated	Correc	cted	Supple	mental			
LRB Number	09-3254/1		Introductio	n Number	SB-279				
Description Financial assistance definition of the term requiring a strategic to forestry diversification biofuel production factor personal renewable for and business tax regumps that mix moto ethanol to motor fuel motor vehicle fuels; uflex fuel vehicles own Energy Independence making appropriation	agricultural use for bioenergy feedsto in programs; biofur- cilities; marketing fuel production an istration requirem or vehicle fuels from dealers; state ren- use of petroleum-to- ned by the state; use; granting rule-m	or the purpose of the assessment; els training asse orders and agred duse from the lents; an income member storm separate storm separate storm assed transportations of public alternating authority;	of determining to creation of a bessment; a study ements for bidy motor vehicle for and franchise age tanks; offer rehicle fuels sa ation fuels by sernative fuel ref	the assessed various energy coundry of regulatory benergy feedstouel tax, the petic tax credit for ing gasoline the goals; requitate vehicles; unfueling facilities	alue of a parc cil; the agricu burdens rela ocks; exempti roleum inspe nstalling or re hat is not bler ired sales of use of alterna s; duties of the	cel of land; ultural and ating to ng ction fee, etrofitting nded with renewable tive fuels in e Office of			
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Fund Sources Affecting GPR  FED	Fund Sources Affected Affected Ch. 20 Appropriations  GPR FED PRO PRS SEG SEGS								
Agency/Prepared B	у	Auth	orized Signatı	ure		Date			
PSC/ Sarah Klein (60	08) 266-3587	Nate	Zolik (608) 266	6-1261		9/11/2009			

# Fiscal Estimate Narratives PSC 9/11/2009

LRB Number	09-3254/1	Introduction Number	SB-279	Estimate Type	Original

### Description

Financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy; the definition of the term agricultural use for the purpose of determining the assessed value of a parcel of land; requiring a strategic bioenergy feedstock assessment; creation of a bioenergy council; the agricultural and forestry diversification programs; biofuels training assessment; a study of regulatory burdens relating to biofuel production facilities; marketing orders and agreements for bioenergy feedstocks; exempting personal renewable fuel production and use from the motor vehicle fuel tax, the petroleum inspection fee, and business tax registration requirements; an income and franchise tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks; offering gasoline that is not blended with ethanol to motor fuel dealers; state renewable motor vehicle fuels sales goals; required sales of renewable motor vehicle fuels; use of petroleum-based transportation fuels by state vehicles; use of alternative fuels in flex fuel vehicles owned by the state; use of public alternative fuel refueling facilities; duties of the Office of Energy Independence; granting rule-making authority; requiring the exercise of rule-making authority; making appropriations; and providing penalties

### **Assumptions Used in Arriving at Fiscal Estimate**

This bill has no fiscal effect for the Public Service Commission.

Original	Up	dated	Correct	ed [	Supple	mental			
LRB Number (	9-3254/1		Introduction	Number	SB-279				
Description Financial assistance redefinition of the term a requiring a strategic biforestry diversification biofuel production faci personal renewable full and business tax regis pumps that mix motor ethanol to motor fuel comotor vehicle fuels; us flex fuel vehicles owner making appropriations	gricultural use for oenergy feedsto programs; biofu- lities; marketing lel production an stration requirem vehicle fuels from dealers; state ren se of petroleum-ted by the state; use; granting rule-m	or the purpose of the assessment els training asses orders and agreed use from the ents; an income meant store assed transportuse of public alterations.	of determining the creation of a bide essment; a study eements for bioe motor vehicle fude and franchise t rage tanks; offering rehicle fuels sale ation fuels by state ernative fuel refu	e assessed va benergy councy of regulatory nergy feedstored el tax, the petr ax credit for in ng gasoline the se goals; requi ate vehicles; useling facilities	alue of a pare cil; the agricu burdens rela cks; exempti oleum inspe estalling or re at is not blea red sales of se of alterna duties of th	cel of land; ultural and ating to ing ction fee, etrofitting nded with renewable tive fuels in e Office of			
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	Fund Sources Affected Affected Ch. 20 Appropriations  GPR FED PRO PRS SEG SEGS								
Agency/Prepared By	7	Auth	orized Signatur	е		Date			
UWS/ Freda Harris (6	08) 262-2734	Freda	a Harris (608) 26	2-2734		9/11/2009			

# Fiscal Estimate Narratives UWS 9/11/2009

LRB Number	09-3254/1	Introduction Number	SB-279	Estimate Type	Original	

### Description

Financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy; the definition of the term agricultural use for the purpose of determining the assessed value of a parcel of land; requiring a strategic bioenergy feedstock assessment; creation of a bioenergy council; the agricultural and forestry diversification programs; biofuels training assessment; a study of regulatory burdens relating to biofuel production facilities; marketing orders and agreements for bioenergy feedstocks; exempting personal renewable fuel production and use from the motor vehicle fuel tax, the petroleum inspection fee, and business tax registration requirements; an income and franchise tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks; offering gasoline that is not blended with ethanol to motor fuel dealers; state renewable motor vehicle fuels sales goals; required sales of renewable motor vehicle fuels; use of petroleum-based transportation fuels by state vehicles; use of alternative fuels in flex fuel vehicles owned by the state; use of public alternative fuel refueling facilities; duties of the Office of Energy Independence; granting rule-making authority; requiring the exercise of rule-making authority; making appropriations; and providing penalties

### **Assumptions Used in Arriving at Fiscal Estimate**

The UW System may experience some increased fuel costs due to this bill. However there is not enough information available at this time to estimate the amount of the increase.